

HOUSE BILL No. 1067

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10.2-4.

Synopsis: TRF beneficiary changes. Allows a member of the teachers' retirement fund (TRF) who is receiving a benefit from TRF and who is a party in an action for dissolution of marriage in which: (1) the member's designated beneficiary is also a party; and (2) a final order is issued after the member's first benefit payment is made; to elect under certain conditions to change the member's designated beneficiary or form of benefit.

Effective: July 1, 2007.

Crooks

January 8, 2007, read first time and referred to Committee on Rules and Legislative Procedures.

C
o
p
y



Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1067

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10.2-4-7, AS AMENDED BY P.L.2-2006,
2 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2007]: Sec. 7. (a) Benefits provided under this section are
4 subject to IC 5-10.2-2-1.5.

5 (b) A member who retires is entitled to receive monthly retirement
6 benefits, which are guaranteed for five (5) years or until the member's
7 death, whichever is later. A member may select in writing any of the
8 following nonconflicting options for the payment of the member's
9 retirement benefits instead of the five (5) year guaranteed retirement
10 benefit payments. The amount of the optional payments shall be
11 determined under rules of the board and shall be the actuarial
12 equivalent of the benefit payable under sections 4, 5, and 6 of this
13 chapter.

14 (1) Joint and Survivor Option.

15 (A) The member receives a decreased retirement benefit
16 during the member's lifetime, and there is a benefit payable
17 after the member's death to a designated beneficiary during the



C
o
p
y

lifetime of the beneficiary, which benefit equals, at the option of the member, either the full decreased retirement benefit or two-thirds (2/3) or one-half (1/2) of that benefit.

(B) If the member dies before retirement, the designated beneficiary may receive only the amount credited to the member in the annuity savings account unless the designated beneficiary is entitled to survivor benefits under IC 5-10.2-3.

(C) If the designated beneficiary dies before the member retires, the selection is automatically canceled and the member may make a new beneficiary election and may elect a different form of benefit under this subsection.

(2) Benefit with No Guarantee. The member receives an increased lifetime retirement benefit without the five (5) year guarantee specified in this subsection.

(3) Integration with Social Security. If the member retires before the age of eligibility for Social Security benefits, in order to provide a level benefit during the member's retirement the member receives an increased retirement benefit until the age of Social Security eligibility and decreased retirement benefits after that age.

(4) Cash Refund Annuity. The member receives a lifetime annuity purchasable by the amount credited to the member in the annuity savings account, and the member's designated beneficiary receives a refund payment equal to:

(A) the total amount used in computing the annuity at the retirement date; minus

(B) the total annuity payments paid and due to the member before the member's death.

(c) This subsection does not apply to a member of the Indiana state teachers' retirement fund after June 30, 2007. If:

(1) the designated beneficiary dies while the member is receiving benefits; or

(2) the member is receiving benefits, the member marries, either for the first time or following the death of the member's spouse, after the member's first benefit payment is made, and the member's designated beneficiary is not the member's current spouse or the member has not designated a beneficiary;

the member may elect to change the member's designated beneficiary or form of benefit under subsection (b) and to receive an actuarially adjusted and recalculated benefit for the remainder of the member's life or for the remainder of the member's life and the life of the newly designated beneficiary. The member may not elect to change to a five

C
o
p
y



(5) year guaranteed form of benefit. If the member's new election is the joint and survivor option, the member shall indicate whether the designated beneficiary's benefit shall equal, at the option of the member, either the member's full recalculated retirement benefit or two-thirds (2/3) or one-half (1/2) of this benefit. The cost of recalculating the benefit shall be borne by the member and shall be included in the actuarial adjustment.

(d) Except as provided in subsection (c) **or section 7.2 of this chapter**, a member who files for regular or disability retirement may not change:

- (1) the member's retirement option under subsection (b);
- (2) the selection of a lump sum payment under section 2 of this chapter; or
- (3) the beneficiary designated on the member's application for benefits if the member selects the joint and survivor option under subsection (b)(1);

after the first day of the month in which benefit payments are scheduled to begin. For purposes of this subsection, it is immaterial whether a benefit check has been sent, received, or negotiated.

(e) A member may direct that the member's retirement benefits be paid to a revocable trust that permits the member unrestricted access to the amounts held in the revocable trust. The member's direction is not an assignment or transfer of benefits under IC 5-10.3-8-10 or IC 5-10.4-5-14.

SECTION 2. IC 5-10.2-4-7.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 7.2. (a) This section applies to a member of the Indiana state teachers' retirement fund after June 30, 2007.**

(b) If a member is receiving a benefit from the fund and:

- (1) the member's designated beneficiary dies;**
- (2) the member and the member's designated beneficiary are parties in an action for dissolution of marriage under IC 31-15-2 in which a final order is issued after the member's first benefit payment is made; or**
- (3) the member marries after the member's first benefit payment is made, and:**

(A) the member's designated beneficiary is not the member's current spouse; or

(B) the member has not designated a beneficiary;

the member may make the election described in subsection (c).

(c) A member described in subsection (b) may elect to:

C
o
p
y



1 (1) change the member's designated beneficiary or form of
2 benefit under section 7(b) of this chapter; and

3 (2) receive an actuarially adjusted and recalculated benefit for
4 the remainder of:

5 (A) the member's life; or

6 (B) the member's life and the life of the newly designated
7 beneficiary.

8 (d) A member making the election under subsection (c) may not
9 elect to change to a five (5) year guaranteed form of benefit under
10 section 7(b) of this chapter.

11 (e) If a member elects a benefit under subsection (c)(2)(B), the
12 member must indicate whether the newly designated beneficiary's
13 benefit will equal:

14 (1) the member's full recalculated benefit;

15 (2) two-thirds ($2/3$) of the member's recalculated benefit; or

16 (3) one-half ($1/2$) of the member's recalculated benefit.

17 (f) The member bears the cost of recalculating a benefit under
18 subsection (c)(2), and the cost shall be included in the actuarial
19 adjustment.

20 (g) Benefits that are recalculated under this section must be
21 distributed in a manner that complies with Section 401(a)(9) of the
22 Internal Revenue Code, as specified in IC 5-10.2-2-1.5.

C
o
p
y

